

Memorandum

Date April 25, 2016
To Doug Rux, Community Development Director, City of Newberg
Steve Olson, Senior Planner, City of Newberg
From Chris Zahas, Principal, Leland Consulting Group
David Siegel, Senior Project Manager, Leland Consulting Group
Matthew Craigie, Associate, Leland Consulting Group
Subject NDIP Reality Check Summary
Project Newberg Downtown Improvement Plan (NDIP)

People Places Prosperity

Revitalizing Downtowns
Creating Partnerships
Targeting Real Estate Success
Shaping Financial Strategies
Strengthening Community
Enabling Sustainability & Livability
Making Cities Work

NDIP REALITY CHECK

Task 4.3 of the Newberg Downtown Improvement Plan calls for a "Reality Check" Meeting with representatives of the development and financing community to give input and advice on the types and amount of development and redevelopment possible in Newberg's downtown in the near future. This meeting was intended to test the reality of the "Big Ideas," Desired Outcomes, and the Core Catalyst Analysis.

The following development professionals participated in this discussion:

- Kevin Cavanaugh, Owner of Guerilla Development
- Mark Keller, Hotel Consultant, Partnership Hospitality
- Mary Martin Miller, Commercial Real Estate Broker

Discussion Notes and Summary

Leland Consultant Group gave a short presentation on the "Big Ideas," Desired Outcomes for the NDIP, and later, the Core Catalyst Property (the Butler Property). Below are discussion notes from the ensuing conversation:

- Participant question: Is it possible to change the one-way couplet of E. First Street and Hancock Street to two-way traffic? Answer: changing the couplet system is not within the purview of this project. The participant made the point that slower traffic is important for the vitality of commercial properties, and especially for the success of retail properties.
- Participant question: What is the political climate in Newberg? Answer: The City Council and the community are very supportive of downtown and community-wide efforts. The Newberg-Dundee Bypass was enthusiastically supported all around, including a "resounding yes," from the City Council regarding the local match for the project. The community is active, and has supported recent city bonds, and fundraising efforts for the Chehalem Cultural Center. "There's momentum building in Newberg."

- Participants stated that the Big Ideas are sound guides for development for the downtown area and that they did not see any potential pitfalls in the plans.
- One participant stated that, when they consider investing in a community they're most interested in meeting local development partners such as property owners, wealthy individuals (potential capital partners), or other local developers. These relationships, the participant stated, add crucial value to a project by providing local knowledge, and experience.
- Participants discussed the concept of, "highest and best use," and opined that fully building out a site, especially in an evolving district like downtown Newberg, is not always the most appropriate development option for achieving community goals. Smaller, less expensive development options many times can achieve property and community goals without overleveraging public resources, one participant said.
- Participants offered concern for speculators buying and holding properties without improving them in the near future as Newberg becomes a more popular location for investment.
- The feasibility of a hotel in Newberg's downtown was discussed. Although further study is needed, it appears that there is a gap in the Newberg hotel market and downtown, with its many visitors, could be a natural location for a new hotel.
- One participant discussed the practical needs for a hotel to be successful in a city the size of Newberg. A few of these needs include:
 - A large enough site to support a hotel of at least 75 rooms. This would include land for the building or buildings, and sufficient space for surface parking. Typically, this can be achieved on a two-acre site.
 - A name brand hotel "flag" that has the marketing and reservation systems in place to attract enough customers. Many hotels are discovered by customers, and rooms are reserved through existing hotel reservation systems. A new hotel in a major chain network, such as a Starwood or Kimpton hotel, will have a much better chance of success than a local brand or one-off hotel.
 - Hotel location, visibility, and access are crucial components for project viability. Both the East End and the West End of Newberg, as well as the Butler Property, were discussed as potential hotel locations. The West End was concluded to be the generally most attractive location for a new hotel. The availability of land, access to state highways, and proximity to areas of downtown that are gaining interest for development were listed as qualities that would attract a hotel developer to the West End of Downtown Newberg.

The East End was discussed as being a potentially riskier location for the City to encourage as a hotel site, as the building would become the prominent landmark for downtown Newberg. Poor building design at this location could greatly detract from downtown's charm and attractiveness to visitors, so "doing it right," would be of great importance.

The Butler Property was described as too small of a site to support a new hotel development.

- Participants discussed the importance of “telling the story” of the local place. Highlighting uniqueness of place and local quirkiness are ways to attract visitors, participants said. What is downtown Newberg’s story and how can it be highlighted for potential visitors?
- The participants discussed the Butler Property and agreed that it is a suitable location for a development scenario that activates the core of the downtown area. Less focus should be on building-out the site, than using the property as an activity generator for downtown.

One participant offered that a metric for success of the site should be, “bodies per day,” that is, count the number of people coming to the property each day to gauge success as an activity generator and catalytic development.

- When asked about incentives or programs that the city could put in place to encourage development, participants gave a mixed answer. Some offered that incentive programs are keys to success in smaller cities like Newberg. Another participant stated that these programs many times just “nibble around the edges” of project feasibility and that it is more helpful for the city to assist prospective developers with building relationships with potential project partners, property owners, community supporters and city staff.

Discussion Summary

The Reality Check Meeting was a lively discussion on the future potential for downtown Newberg and a testing of the proposal, vision, and “Big Ideas.” Three main takeaways emerged from this conversation. These were:

1. Active relationship building on the part of the City is crucial for attracting investment and ultimately for project success. It’s not enough for a city to put in place programs or incentives and wait for projects to pop-up. Cities like Newberg, need to proactively build relationships between potential developers, property owners, local banks and other potential capital partners, business owners, and active community members. Once established, these relationships can be leveraged for initiating projects, and overcoming potential project hurdles.
2. A hotel in downtown Newberg makes sense in today’s market. Although further analysis is needed, it appears that downtown Newberg is a prime location for a new hotel in the short to mid-term. The City should work to find a suitable hotel site in downtown and find project partners to help facilitate development.
3. Less can be more – Participants opined that the Butler Property, especially with its small size, would be better developed with a modest amount of improvements that would be focused on attracting more people to downtown, rather than programming the site with as much commercial and residential space as would possibly fit on the site.